

Message Text

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ACTION ARA-14

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-03
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E.O. 11652: N/A
TAGS: N/A
SUBJ: RECENT ACTIONS OF MINISTER OF ECONOMY AND FINANCE

REF: LIMA 5867

1. ON JULY 6, DR. JAVIER SILVA RUETE, MINISTER OF ECONOMY AND FINANCE, STATED PUBLICLY THAT THE AGREEMENT WITH FOREIGN PRIVATE COMMERCIAL BANKS FOR \$184.5 MILLION WILL BE SIGNED ON JULY 23 IN NEW YORK. HIS STATEMENT WAS MADE AT A CONFERENCE AT WHICH CONTRACTS WERE SIGNED BETWEEN COFIDE AND EIGHT PERUVIAN COMMERCIAL BANKS, THE INDUSTRIAL BANK, AND TWO FINANCIEROS (PRIVATE FINANCING ENTITIES). THESE CONTRACTS TRANSFER APPROXIMATELY \$200 MILLION OF CREDIT LINES OBTAINED BY COFIDE TO USE BY THE PRIVATE SECTOR.

2. THESE LINES OF CREDITS ARISE FROM ALREADY CONTRACTED LOANS WITH THE WORLD BANK (IBRD), INTERAMERICAN DEVELOPMENT BANK (IDB), ANDEAN DEVELOPMENT CORPORATION AND OTHER ENTITIES OF SPAIN, ARGENTINA, HUNGARY, BRAZIL, AUSTRALIA AND FINLAND. THE TERMS OF THESE RESOURCES VARY FROM 5 TO 15 YEARS, AND ARE GENERALLY CONCESSIONARY IN TERMS OF GRACE PERIODS AND RATES OF INTEREST. LOCAL BANKER INDICATES THAT THESE CREDIT LINES ARE FOR CAPITAL GOODS AND AS SUCH DO NOT CONSTITUTE IMMEDIATE FOREIGN EXCHANGE
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RESOURCES. THIS ACTION IS OBVIOUSLY A CONCRETE FOLLOW-UP TO A TWO-HOUR SESSION WHICH MINISTER SILVA RUETE HAD IN PRIVATE AND ALONE WITH REPRESENTATIVES OF PERUVIAN COMMERCIAL BANKS ON MONDAY, JULY 3.

3. THE MINISTER ALSO STATED AT JULY 6 CONFERENCE THAT CENTRAL BANK HAD MADE \$35 MILLION AVAILABLE TO THE BANKING SYSTEM IN JUNE.

(ACCORDING TO OUR SOURCE THESE RESOURCES ORIGINATED PRINCIPALLY FROM THE \$30 MILLION MINPECO PRE-EXPORT FINANCING CREDIT.) THE MINISTER ALSO STATED THAT IN ADDITION \$10 MILLION WOULD BE MADE AVAILABLE TO THE COMMERCIAL BANKING SYSTEM SHORTLY. LOCAL BANKER CONFIRMS THIS SALE TOOK PLACE ON JULY 10.

4. COMMENT: MINISTER'S ACTIONS AND PUBLIC ANNOUNCEMENTS OBVIOUSLY AIMED AT SECURING GOOD WILL OF LOCAL COMMERCIAL BANKERS AND AT PROVIDING PUBLIC IMPRESSION OF PROGRESS EVEN THOUGH FINANCIAL IMPACT IS RELATIVELY SMALL.
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Message Attributes

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